



## **Key Provisions: The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173)**

***Provides access to prescription drug coverage for seniors and individuals with disabilities for the first time in the history of the Medicare program.*** Beginning in 2006, all Medicare beneficiaries will have access to more affordable prescription drug coverage under Medicare, with much more generous assistance to those who truly need it: those with lower incomes and high drug costs.

***Offers immediate, affordable relief through a Medicare prescription drug discount card.***

By June 1, 2004, all beneficiaries will have access to a prescription drug discount card, providing savings of 10-25 percent off their prescription drug costs. Lower income seniors will get an additional \$600 per year on top of these discounts.

***Makes Health Savings Accounts (HSAs) – formerly known as Medical Savings Accounts (MSAs) -- more attractive by eliminating restrictions that have prevented broad access to this consumer-driven health coverage option.*** Currently, MSAs are available only on a demonstration basis to small employers, and several design elements have made them unattractive to broader markets. The Medicare bill eliminates these onerous restrictions, and makes HSAs permanent and available to all consumers.

***Expands private health plan choices and competition in Medicare.*** The bill dramatically expands private health plan choices, so that seniors will have access to the same types of health care options that members of Congress and federal workers enjoy through the Federal Employee Health Benefit Program (FEHBP). Once private health plans have an opportunity to become a more stable option, the legislation includes a six-year demonstration of direct price competition between private health plans and traditional Medicare in selected cities throughout the country, beginning in 2010.

***Introduces more rational cost-sharing, including income-relating the Medicare Part B premium.*** The bill income-relates the Medicare Part B premium for the first time. Beginning in 2007, seniors with incomes of \$80,000 and higher will pay a higher proportion of Part B premium costs on a sliding scale basis. The bill also raises Medicare's Part B deductible for the first time in over a decade and adjusts it for inflation. Cost-sharing and coinsurance levels for the new drug coverage generally are linked to prescription drug cost inflation, ensuring that seniors will continue to share responsibility for their drug costs over time.

***Focuses on prevention, disease management, patient safety, and quality improvement.*** Medicare payments to providers and health plans will be linked directly to quality improvements. For example, hospitals will receive full market basket payment updates only if they provide quality data to Medicare. Doctors will be given new incentives to write and submit prescriptions electronically to improve efficiency and cut down on medical errors. The Medicare program will include chronic disease management and expanded preventive care, including a new "Welcome to Medicare" physical.

***Reduces the cost of prescription drugs.*** The bill includes important changes to patent law that will save consumers hundreds of millions of dollars each year by speeding generic drugs to market more quickly. It also authorizes government studies comparing the clinical effectiveness of drug therapies.

***Requires honest accounting of Medicare's long-term liabilities.*** New, more transparent accounting safeguards will help put the program on a stronger financial foundation by alerting future Congresses and Presidents when the program's costs are rising faster than expected, so they can take necessary actions to address the problem.